

HEARING “IMPACT OF ECONOMIC CRISIS ON INLAND WATERWAY TRANSPORT SECTOR”

16/17 NOVEMBER 2009, BRUSSELS

INLAND NAVIGATION SUFFERING FROM THE CRISIS

Europe is suffering from an economic crisis which recently led to a recession. Transport is closely connected to the economic situation and development of the industry. Consequently the transport industry has fallen in an economic crisis as well, which has severe consequences for the sector as such.

EBU has drawn the attention of policy makers on the severe consequences of the economic crisis to the inland navigation industry already in an early stage and therefore welcomes the organisation of a hearing on the impact of the economic crisis on the inland waterway sector by the Commission.

General remarks

Transport follows trade patterns. Since the economic crisis seriously effects world trade, transport and inland navigation is suffering from an enormous decrease of volume since the beginning of 2009, in particular the dry cargo sector. Meanwhile the situation has serious effects on the economic situation of the inland navigation industry.

According to recent studies and the figures of the Market observation by CCNR there is a serious decrease in volume of cargo carried in 2009 which in general reaches almost **30 %** compared to the year 2008.

As we have experienced the situation differs in the various segments, where mainly the dry cargo sector is suffering from huge declines in volume whereas the situation in the tank barging industry up to now in general is less severe. The carriage of containers on the river Rhine for example since the beginning of 2009 decreased some 30 %. The situation in the carriage of mass products such as iron ore and coal is even worse after the collapse of the steel industry and the reduction of production which lead to the closure of some plants in Europe. The carriage of steel by inland vessels for instance to France shows a decrease of 20 %, in the field of carbon recent figures show a decrease of 27 % and in the field of chemical products even 54 %.

The actual crisis is of an unprecedented intensity and will - according to the latest predictions - last several years before the industry will recover.

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Consequences of the economic crisis and measures to support the industry

In the past years many newly built vessels came on the market as an answer to the increased transport demands. This also led to a renewal of the fleet in order to meet with ecological demands of a sustainable European transport policy.

In the actual economic crisis this however leads to a serious overcapacity of vessels. Consequently there is a lack of cargo for the actual fleet capacity which goes hand in hand with a fall of the freight rates. The inland navigation industry thus is suffering on both the supply side as well as the prices to be paid for its services. This leads to undesirable effects on the whole market.

In the actual situation it is in general important to **maintain the fleet capacity on one hand and to guarantee the survival of the industry on the other hand**. Inland Waterway Transport pays an important contribution to the transport demands within the European policy, however this mode of transport suffered from an underestimation during the past decades. Where Inland Waterway Freight Transport reaches shares up to 40 % in some Member States, the overall share of Inland Waterway Freight Transport within the European Freight Transport by inland modes only makes up some 5,3 %. Research has proven that Inland Waterway Transport *can grow tremendously on various waterways*, due to **considerable free capacity in infrastructure**. Inland Waterway Transport has turned out to be the most environmentally-sound, energy efficient and safe mode of goods and passengers transport as well and offers the best possible safety guarantees.

In the overall interest of the European Community it therefore is of utmost importance to overcome the crisis in this sector and to avoid a collapse of the industry and consequently a social disaster at individual level. The European Community and the Member States are called upon to support the industry by a number of measures. The proposed measures are twofold and intended to support the industry on one hand by immediate measures to overcome a collapse of the sector and on the other hand by long term decisions in order to realise a sustainable future transport policy.

1. Immediate measures

1.1. Financing

Due to the actual overcapacity in the market the sector is suffering from a shortage of incomes. According to the figures of banks in certain member states in September 2009 some 60 % of the companies were facing acute financial problems, which figure is expected to increase up to 80 or even 90 % in the coming months. An increasing number of companies thus is no longer able to pay its mortgages. In this serious crisis, banks, which to a high extent have caused the actual economic and financial crisis, do have a genuine responsibility to support the industry. Negotiations of our member organisations at national level have led to agreements

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with a number of banks to postpone the repayments so far. In some cases these agreements are supported by national state guarantee measures.

- **We call upon the European Commission and the European Investment Bank EIB** to support this initiative and to further investigate and elaborate solutions on a broader European level together with the national banks.

1.2. Decrease of financial burdens such as port fees (following the example of Port of Rotterdam) and taxes.

1. 3. Capacity monitoring

1. 3.1. dry cargo fleet

Although there is an actual overcapacity, EBU believes that it is important to maintain the fleet capacity in order to meet the future European transport demands after the recovery of the economy. The actual disturbance of the market has led to a lack of financial means which endangers/threatens the maintenance of the fleet capacity. Apart from the financial problems of the individual operators this disturbance will have an influence on future investments in the ecological improvement and renewal of the fleet. It is thus necessary to take measures in order to keep the fleet alive, for which financial support must be made available.

- According to article 3 of Council Regulation (EC) No 718/1999 there is a reservefund paid by the industry itself which may be used for certain measures if unanimously requested by the organisations representing inland waterway transport, i.e. EBU and ESO.
- Given the severity of the actual situation the means of the dry cargo fund should be used to support the actual fleet in order to preserve it for the future transport demands.

1.3.2. tank fleet

The situation in the tank fleet differs from the situation in the dry cargo fleet. However, based upon recent legislation there is a need to change the actual single hull fleet into double hull fleet as from 2019. Up to then newly built double hull vessels will enter the market whereas the single hull vessels need to leave the market. To avoid a structural overcapacity by then it is important to monitor this process by phasing out single hull vessels.

- The reservefund as referred to above may be used for certain measures if unanimously requested by the organisations representing inland waterway transport.
- Given the necessary out phasing of the single hull fleet in the next years the tank cargo fund needs to be used for scrapping the single hull vessels in order to avoid a serious disturbance on the market between 2010 and 2019.

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For any capacity monitoring measure as referred to under this paragraph it is important to dispose over reliable figures regarding the number of vessels as well as the expected cargo volume to base upon such measures.

2. General and long term measures

1. Investment in infrastructure:

EBU urges the proper maintenance of the existing waterways, the realisation of the bottlenecks and the implementation of the missing links as defined on the TEN-T priority list and proposed in EBU's comment on the recently launched Green Paper on the revision of the TEN-T guidelines. The available financial means in the TEN-T- as well as the national budgets thus should be dedicated to waterway infrastructure to support this ecological and economic transport mode without delay.

2. Avoidance and decrease of administrative burdens

3. A modal shift towards inland navigation which offers tremendous possibilities for a sustainable future for transport.

The environmental and social challenges of a future European Transport Policy can be much better addressed by making full use of environmentally friendly modes and potentials such as inland waterway transport. prioritisation and rebalance of cargo flows must lead to a better use of the existing resources in a more efficient and effective way. A concentration on modes that benefit the entire transport policy deserves support.

To conclude, it is important that all stakeholders take their role in order to overcome the crisis:

- **The banks must take their genuine responsibility and provide the industry with sufficient financial support in this period of shortage of income.**
- **The member states are called upon to provide state guarantees for the postponement of the repayment of the mortgages of the individual barge owners towards the bank.**
- **The European Investment bank is invited and expected to support this initiative on a broader European level.**
- **The industry is willing to make use of the means of the reservefund which during the past years have been saved for situations as the actual one. The use of the reservefund must be supported by additional measures as referred to in the relevant legislation.**
- **The European Commission is expected to support the proposed measures in order to help the industry to overcome the crisis short termed and to strengthen its role in the future European transport policy.**

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EBU calls upon the European Commission, the Parliament and the Member States to support the inland navigation industry by the proposed measures without delay.

Brussels, 16 November 2009

The European Barge Union EBU represents the interest of inland navigation on a pan European level and deals with all questions, arising out of the future development of the inland navigation industry and inland waterway transport.

To realise this aim EBU is active in the field of

- the development of the European transport policy
- the improvement of the economic position of inland navigation
- the structured cooperation with national and international institutions
- the exchange of information and experience between the parties involved

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